

Message Text

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ACTION PM-05

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C O N F I D E N T I A L SECTION 01 OF 02 LONDON 08828

E.O. 11652: GDS
TAGS: MASS
SUBJECT: US PARTICIPATION IN FARNBOROUGH AIR SHOW

REF: STATE 136162

1. SUMMARY: THE NET IMPACT IN THE UK AND ON THE AVIA-
TION INDUSTRY OF THE COMPLETE DENIAL OF US OFFICIAL
COLLABORATION IN THE FARNBOROUGH AIR SHOW WOULD BE
STRONGLY NEGATIVE. TO THE EXTENT IT WERE DEMONSTRATED
PUBLICLY THAT SUCH DENIAL OF COLLABORATION WAS PREMISED
UPON US INTEREST IN ADVANCING THE PRESIDENT'S POLICY OF
RESTRAINT IN CONVENTIONAL ARMS TRANSFERS, SUCH A POSTURE
WOULD FIND RESONANCE IN SOME CIRCLES IN THE UK AND
PROBABLY ELSEWHERE, BUT WE BELIEVE THE SAME RESULT
PROBABLY COULD BE ACCOMPLISHED IN OTHER WAYS AND THAT IT
WOULD CREATE MORE ILL-WILL THAN DESIRABLE TO CANCEL
COMPLETELY AT THIS TIME. END SUMMARY.

2. THE WITHDRAWAL OF OFFICIAL PARTICIPATION BY THE US
DEPARTMENT OF COMMERCE IN THE 1978 FARNBOROUGH AIR SHOW
SIX MONTHS AGO HAS ALREADY CREATED BAD FEELINGS BETWEEN
THE SHOW ORGANIZERS AND THE EMBASSY. ALTHOUGH THIS
WITHDRAWAL WAS PRIMARILY BASED ON BUDGETARY FACTORS, THE
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PRACTICAL EFFECT HAS BEEN TO REDUCE GREATLY USG SUPPORT
FOR THE SHOW. THERE WILL BE NO "US PAVILION" AND, AS A
RESULT, MANY SMALLER US SUPPLIERS OF AVIONICS EQUIPMENT,
COMMUNICATIONS GEAR, ETC., IN WHICH US INDUSTRY ENJOYS
LEAD AND FOR WHICH THERE ARE MARKET OPPORTUNITIES
ABROAD, WILL NOT BE REPRESENTED. HOWEVER, MAJOR US

MANUFACTURERS OF CIVILIAN AND MILITARY AIRCRAFT AND WEAPONS SYSTEMS HAVE CONTRACTED FOR THEIR OWN CHALETS AT FARNBOROUGH AND ARE COMMITTED TO PARTICIPATE.

3. THE 1978 FARNBOROUGH SHOW, LIKE THE HANNOVER SHOW EARLIER THIS YEAR (FOR WHICH US MILITARY AIRCRAFT AND EQUIPMENT IN THE EUROPEAN AREA WERE MADE AVAILABLE), WILL BE AN INTERNATIONAL EVENT WITH LEADING MANUFACTURERS FROM THE WORLD AVIATION INDUSTRY DISPLAYING THE LATEST IN AEROSPACE TECHNOLOGIES TO THE PUBLIC AND TO INFORMATION MEDIA, AS WELL AS TO EXPERTS AND TO POTENTIAL BUYERS. IT IS NOT A MILITARY SHOW, PER SE, THOUGH THE LATEST MILITARY AIRCRAFT AND EQUIPMENT ARE A POPULAR FEATURE. EXCEPT PERHAPS FOR EXECUTIVE-TYPE BUSINESS AIRCRAFT OR OTHER PRIVATE PLANES, IT WOULD BE UNUSUAL FOR ORDERS FOR MILITARY OR CIVIL AIRCRAFT TO ARISE DIRECTLY OUT OF SUCH AN AIR SHOW (THOUGH ORDERS NEGOTIATED EARLIER MAY BE ANNOUNCED AT SUCH GATHERINGS OF THE INDUSTRY'S NOTABLES). FURTHERMORE, THE PREPONDERANCE OF POTENTIAL PURCHASERS AT FARNBOROUGH WILL BE FROM NATO AND OTHER ALLIED COUNTRIES UNAFFECTED BY CAT RESTRAINT POLICY. ON THE CONTRARY, SALES TO ALLIES PROMOTE THE POLICY GOALS OF STANDARDIZATION AND INTEROPERABILITY. AS FOR REPRESENTATIVES OF COUNTRIES WE MIGHT PREFER NOT TO SELL TO, THEIR PRESENCE AT THE SHOW WOULD NOT MATERIALLY AFFECT FINAL US SALES DECISIONS. GOODS ON DISPLAY ARE NOT NECESSARILY ALL FOR SALE, OR

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AT LEAST NOT TO ALL WOULD-BE BUYERS.

4. THE FARNBOROUGH SHOW IS ORGANIZED AND SPONSORED BY THE SOCIETY OF BRITISH AEROSPACE COMPANIES, FORMALLY A PRIVATE ORGANIZATION. SINCE ITS MAJOR COMPONENTS ARE NATIONALIZED, THE BRITISH GOVERNMENT HAS A HEAVY INTEREST. WE DO NOT KNOW WHAT EFFECT THE COMPLETE WITHHOLDING OF USG SUPPORT FROM US COMPANIES WOULD HAVE ON THEIR ABILITY TO FIELD FULL EXHIBITS. IF SOME HAD TO WITHDRAW FROM THE SHOW AS A RESULT AND OTHERS HAD TO LIMIT THEIR DISPLAYS TO CIVILIAN AIRCRAFT (PERHAPS WITH PHOTO OR MOTION PICTURE EXHIBITS OF THEIR MILITARY PRODUCTS), THE SBAC, AS SPONSORING ORGANIZATION, THE BRITISH GOVERNMENT AND THE PUBLIC WOULD BE ANNOYED AT THIS FURTHER LACK OF USG SUPPORT AND BECAUSE THE SHOW WOULD BE LESS ATTRACTIVE AND LOSE SOME OF ITS PRESTIGE. BRITISH AND OTHER FOREIGN MANUFACTURERS, INCLUDING THE SOVIETS, HOWEVER, WOULD PROBABLY BE DELIGHTED AT THE DIMINISHED COMPETITION.

5. WE ARE NOT SURE OF THE ROLE TO BE PLAYED BY THE

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 08828

"SENIOR MILITARY PERSONNEL" MENTIONED REFTEL. WE ASSUME THAT USAF AND US CIVILIAN TECHNICAL PERSONNEL WILL ATTEND THE FARNBOROUGH AIR SHOW FOR INFORMATION GATHERING AND EVALUATION PURPOSES, WHETHER OR NOT DOD DIRECTLY ASSISTS US EXHIBITORS. IF THE "PARTICIPATION OF SENIOR MILITARY PERSONNEL" WOULD INVOLVE DIRECT SUPPORT FOR EXHIBITORS' SALES PROMOTION EFFORTS OR ENHANCE THE US MILITARY AIRCRAFT ASPECT OF THE SHOW, THEN PERHAPS THE PRESIDENT'S POLICY WOULD BE SERVED BY CAREFULLY DEFINING THEIR ROLE SO THAT IT WAS MORE PASSIVE.

6. TWO FURTHER COMMERCIAL AND PUBLIC AFFAIRS CONSIDERATIONS: US AIRCRAFT COMPANIES ARE AMONG OUR MOST SUCCESSFUL EXPORTERS AND WOULD NORMALLY MERIT OUR FULL SUPPORT. (THE US AVIATION INDUSTRY SOLD NEARLY \$3 BILLION WORTH OF NON-MILITARY GOODS ABROAD LAST YEAR.) THE DISPLAY OF SOPHISTICATED US MILITARY EQUIPMENT IN WESTERN EUROPE ALSO WOULD BE FURTHER REASSURING TO OUR NATO ALLIES AND FRIENDLY NEUTRAL COUNTRIES AT A TIME WHEN SO MUCH ATTENTION HAS BEEN DEVOTED TO ALLIED DEFENSE PREPARATIONS.

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7. IN SUM, PROVIDED THE MOTIVATION FOR THE DECISION WERE PUBLICIZED, THE DENIAL OF USG DEFENSE EQUIPMENT FOR THE FARNBOROUGH AIR SHOW WOULD BE A CLEAR SIGNAL THROUGHOUT THE INTERNATIONAL AVIATION WORLD OF THE PRESIDENT'S INTENTION TO REDUCE CONVENTIONAL ARMS TRANSFERS, THEREBY OFFSETTING THE OPPOSITE IMPRESSION POSSIBLY GAINED FROM THE SALE OF THE MOST ADVANCED AIRCRAFT TO SAUDI ARABIA AND ISRAEL AND LESS ADVANCED AIRCRAFT TO EGYPT. WE ARE UNABLE TO GAUGE THE IMPACT OF SUCH A DECISION ON THE US EXHIBITORS' ABILITY TO REPRESENT US INDUSTRY ADEQUATELY, BUT BRITISH REACTION WOULD PROBABLY BE MORE THAN ONE OF DISAPPOINTMENT. ON THE OTHER HAND, IF IT MEANT THAT US-BUILT MILITARY EQUIPMENT WERE NOT DISPLAYED IN THIS MIXED DEFENSE-COMMERCIAL SHOW, THE REDUCED APPEAL OF THE SHOW WOULD DETRACT ALSO FROM THE CIVILIAN EQUIPMENT ON DISPLAY, SOME LEGITIMATE SALES PROSPECTS COULD BE MISSED, AND AN OPPORTUNITY WOULD BE LOST TO STRENGTHEN OUR PUBLIC IMAGE BY A DEMONSTRATION OF US DEFENSE CAPABILITY.

8. ON BALANCE, AND WHILE WE DO NOT HAVE ALL THE INFORMATION NECESSARY FOR A FULLY CONSIDERED JUDGEMENT, WE BELIEVE THAT MORE IS TO BE LOST THAN GAINED BY REFUSING USG DEFENSE EQUIPMENT AND THE PARTICIPATION OF US MILITARY PERSONNEL TO US EXHIBITORS AT THE 1978 FARNBOROUGH INTERNATIONAL EXHIBITION. IF THE POINT OF AVOIDING ANY FORM OF US OFFICIAL PARTICIPATION IS THE SHOCK EFFECT TO UNDERLINE THE IMPORTANCE THE US ATTACHES TO CAT RESTRAINT, WE BELIEVE THIS COULD BE ACCOMPLISHED IN OTHER WAYS AT LESS COST TO THE US IN TERMS OF RELATIONS WITH THE UK AND COMMERCIAL AVIONIC SALES.

9. FINALLY, WE WOULD LIKE TO SEIZE THIS OPPORTUNITY TO
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REMIND ALL USG CIVILIAN AND MILITARY OFFICIALS WHO PLAN TO ATTEND THE FARNBOROUGH SHOW TO LET THE EMBASSY AND THE SBAC KNOW AS SOON AS POSSIBLE. TICKETS FOR SPECIAL FUNCTIONS ARE LIMITED AND WILL BE ALLOCATED BY THE END OF JUNE. HOTEL SPACE IS AT A PREMIUM.

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